

HOUSE BILL NO. 554

INTRODUCED BY L. JONES

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT EASEMENTS FOR RIGHTS TO FISH, TAKE GAME, CONDUCT LAWFUL SPORTS UPON LAND, AND CONSERVE OPEN SPACE TO PRESERVE PARK, RECREATIONAL, HISTORIC, AESTHETIC, CULTURAL, AND NATURAL VALUES ON OR RELATED TO LAND ARE SUBJECT TO PROPERTY TAX AS A CLASS FOUR PROPERTY; PROVIDING THAT THE EASEMENTS MUST BE SEPARATELY ASSESSED; AMENDING SECTIONS 15-6-134, 15-8-307, AND 76-6-208, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

(a) subject to 15-6-201(1)(z) and (1)(aa) and subsections (1)(f) and (1)(g) of this section, all land, including easements described in 70-17-101(2), (3), (7), or (18), except that land specifically included in another class;

(b) subject to 15-6-201(1)(z) and (1)(aa) and subsections (1)(f) and (1)(g) of this section, all improvements, including trailers, manufactured homes, or mobile homes used as a residence, except those specifically included in another class;

(c) the first \$100,000 or less of the taxable market value of any improvement on real property, including trailers, manufactured homes, or mobile homes, and appurtenant land not exceeding 5 acres owned or under contract for deed and actually occupied for at least 7 months a year as the primary residential dwelling of any person whose total income from all sources, including net business income and otherwise tax-exempt income of all types but not including social security income paid directly to a nursing home, is not more than \$15,000 for a single person or \$20,000 for a married couple or a head of household, as adjusted according to subsection (2)(b)(ii). For the purposes of this subsection (1)(c), net business income is gross income less ordinary operating expenses but before deducting depreciation or depletion allowance, or both.

(d) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least nine holes and not less than 700 lineal yards;

(e) subject to 15-6-201(1)(z), all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202, including 1 acre of real property beneath improvements on land described in 15-6-133(1)(c). The 1 acre must be valued at market value.

(f) (i) single-family residences, including trailers, manufactured homes, or mobile homes;
 (ii) rental multifamily dwelling units;
 (iii) appurtenant improvements to the residences or dwelling units, including the parcels of land upon which the residences and dwelling units are located and any leasehold improvements; and

(iv) vacant residential lots; and

(g) (i) commercial buildings and the parcels of land upon which they are situated; and
 (ii) vacant commercial lots.

(2) Class four property is taxed as follows:

(a) Except as provided in 15-24-1402, 15-24-1501, and 15-24-1502, property described in subsections (1)(a), (1)(b), (1)(e), (1)(f), and (1)(g) of this section is taxed at:

- (i) 3.40% of its taxable market value in tax year 2003;
- (ii) 3.3% of its taxable market value in tax year 2004;
- (iii) 3.22% of its taxable market value in tax year 2005;
- (iv) 3.14% of its taxable market value in tax year 2006;
- (v) 3.07% of its taxable market value in tax year 2007; and
- (vi) 3.01% of its taxable market value in tax years after 2007.

(b) (i) Property qualifying under the property tax assistance program in subsection (1)(c) is taxed at the rate provided in subsection (2)(a) of its taxable market value multiplied by a percentage figure based on income and determined from the following table:

Income	Income	Percentage
Single Person	Married Couple	Multiplier
	Head of Household	
\$0 - \$ 6,000	\$0 - \$8,000	20%
\$6,001 - \$9,200	\$8,001 - \$14,000	50%
\$9,201 - \$15,000	\$14,001 - \$20,000	70%

(ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually by the department. The adjustment to the income levels is determined by:

(A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1995; and

(B) rounding the product thus obtained to the nearest whole dollar amount.

(iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established in subsection (2)(a).

(3) Within the meaning of comparable property, as defined in 15-1-101, property assessed as commercial property is comparable only to other property assessed as commercial property and property assessed as other than commercial property is comparable only to other property assessed as other than commercial property."

Section 2. Section 15-8-307, MCA, is amended to read:

"15-8-307. Land assessment -- easements. (1) Except as provided in subsection (2), land must be assessed in parcels or subdivisions not exceeding 640 acres, and tracts of land containing more than 640 acres that have been sectionized by the United States government must be assessed by sections or fractions of sections.

(2) If the department receives the written consent of all persons with an ownership interest, the department may assess multiple parcels or tracts of land with common ownership collectively as a single tract of land.

(3) The department shall itemize in the property tax record the description of each 640 acres of land or less, the number of acres, the description, the value of the land, the value of improvements, and the total value. The property tax record must itemize the description of each town or city lot and the value of the lot and any improvements on the lot, except that a lot and improvements must be separately assessed when required under 15-8-111. If all of the unimproved lots of the same value are located in one block or are owned by the same party, the lots may be described and assessed in a single unit in the manner prescribed for each lot. Each parcel and lot must be segregated in the property tax record to correlate the description of the parcel or lot to the total value of the parcel or lot and any improvements on the parcel or lot.

(4) An easement described in 70-17-101(2), (3), (7), or (18) must be separately assessed."

Section 3. Section 76-6-208, MCA, is amended to read:

"76-6-208. Taxation of property subject to conservation easement. (4) Assessments made for taxation on property subject to a conservation easement either in perpetuity or for a term of years, ~~where~~ when a public body or a qualifying private organization holds the conservation easement, ~~shall~~ must be determined on the basis of the restricted purposes for which the property may be used. The minimum assessed value for land subject to an easement conveyed under this chapter may not be less than the actual assessed value of ~~such~~ the land in calendar year 1973. Any land subject to ~~such~~ a conservation easement may not be classified into a class affording a lesser assessed valuation solely by reason of the creation of the easement. The value of the interest held by a public body or qualifying private organization ~~shall be~~ is exempt from property taxation.

~~(2) Expiration of an easement granted for a term of years shall not result in a reassessment of the land for property tax purposes if the easement is renewed and the granting instrument reflecting the renewed easement is executed and properly filed not later than 15 days after the date of expiration."~~

NEW SECTION. **Section 4. Applicability.** [This act] applies to tax years beginning after December 31, 2005.

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